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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 02/26/09

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- (1) Japan-U.S. summit: High expectations placed on Japan (Part 1)

ASAHI (Page 2) (Full)  
February 26, 2009

In part because of Washington's unprecedentedly prestigious  
invitation to him, Prime Minister Taro Aso, sitting next to U.S.  
President Barack Obama, showed a glimpse of confidence with his face  
beaming with smiles. In the nation, though, Aso has been

significantly losing political ground. With the welcome "ceremony" over, Aso will be tested over issues to be tackled in cooperation with the U.S.

Aso in elated mood with prestigious invitation:

"This is a great honor for me as a Japanese person and also as an Asian," Aso said to Obama in English, with reporters standing behind them. He expressed his gratitude for the president's invitation of him to the White House as his first foreign leader guest. He appeared to be feeling proud as if he were there representing Asia.

After the 80-minute meeting with Obama, Aso told reporters confidently: "President Obama gave me the impression that he is a reliable leader with whom I can work hand-in-hand. Our talks were rich in content." In the summit meeting, Aso introduced that railway services with lower environmental load than other transport means have been offered widely in Tokyo. Emphasizing that Japan's high-speed rail technology is at a high level, Aso encouraged Obama to introduce an (high-speed rail) system more widely in the U.S., saying: "The United States' car culture will change."

Prime Minister Aso began to seek an early summit meeting with President Obama soon after Obama won the presidential election. In a phone conversation on Jan. 29 held just after he assumed office, Aso said at the outset: "Let us hold a meeting at an early date." The government initially had in mind a summit meeting in late March, but it jumped at the proposal (for a meeting on Feb. 24) made by Secretary of State Hillary Clinton when she visited Japan, despite only one week left for preparations and the date being a weekday

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during the Diet session.

He stayed in the U.S. for only 24 hours. The U.S. neither prepared a joint document nor hosted lunch or dinner events for Aso. A joint press conference was not arranged, either. But Chief Cabinet Secretary Kawamura said in a press conference yesterday explained: "Tokyo told Washington there was no need to arrange for any events aside of the meeting," because the meeting was set for the day of the president's first State of the Union address.

It was politically significant for Aso, who has faced low support ratings and remains unable to turn the tables, to meet President Obama, who is drawing international attention. A senior Foreign Ministry official commented: "It is meaningful for the prime minister to meet the president at the White House itself. Footage of the summit meeting will be broadcast across the world."

A lawmaker in supportive of Aso expressed expectations that a relationship of trust will be built between Aso and Obama, such as both calling each other Barack and Taro, in the same way as former Prime Minister Nakasone and former President Reagan calling each other Ron and Yasu.

Obama did not make any tough requests to Aso, based on his style of listening to the other side's views when they meet for the first time.

On Afghanistan, Japan was not asked to dispatch Self-Defense Force troops but instead, Obama expressed hopes for its cooperation in Japan's strong area, assistance in improving people's livelihoods. Obama did not ask Japan to buy U.S Treasury bonds, either.

Aso and Obama reiterated the need for the two countries to cooperate in a wide range of areas, including the global economy, North Korea, Afghanistan, and climate change, by further developing their bilateral alliance. But specifics will be discussed from now. It is to be seen to what extent the Aso administration with weak political strength will take action.

Democratic Party of Japan President Ichiro Ozawa commented: "It is impossible for a prime minister who has lost public confidence to conduct effective negotiations. I do not think the U.S. side discussed matters with the prime minister seriously."

(2) Interview with former U.S. Assistant Secretary of State Armitage: Inviting Japanese premier to Washington first reflects Obama administration attaching importance to relations with Japan

ASAHI (Page 4) (Full)  
February 26, 2009

Washington, Yoichi Kato

Asahi Shimbun in an interview with former U.S. Assistant Secretary of State Armitage, who had exchanged views with Prime Minister Aso over lunch on February 24, asked his view on the prime minister's U.S. visit and the future of the Japan-U.S. alliance.

The Obama administration chose Japan as the first destination of Secretary of State Clinton's overseas visits. It then invited the Japanese prime minister to Washington as the first guest to visit the White House. This is not just a message to Prime Minister Aso

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but to all Japanese people, as well as to Asian countries and Americans, namely, that with Asia rising, relations with Japan are most important for the U.S. Prime Minister Brown of Britain will be the next guest to the White House. It means (the Obama administration attaches importance to) Japan in Asia and Britain in Europe.

Prime Minister Aso's U.S. visit was a success. It is probably more meaningful for the two leaders just to have held talks rather than to focus on the contents of what has been discussed. The two countries will not be able to bring about a solid alliance unless a healthy financial system and robust state finances are regained. It is now widely understood that the environmental and climate-change issues have become tantamount to security issues. What direction the Chinese military will take in the future will also be a challenge for both countries.

The worsening economy will have an impact on the strategic environment in the Asia-Pacific region in the form of the rise of economic nationalism, that is to say, the rise of protectionism. Following economic nationalism, there could emerge a security threat, which would be greater than the threat of economic nationalism.

Another impact is that leaders of various countries will become unable to envision the future over the mid- to long-term. One can say that the same holds true to Japan-U.S. relations.

Whether the Asia-Pacific region will become unstable or not or at which level the economy will hit bottom will depend on how China fares. There is a possibility that if the Chinese economy slows down, question would arise about the validity of the communist party's rule.

(The Obama administration) wants to launch the work of expanding the Japan-U.S. alliance beyond Asia, but it understands that this is a time-consuming process.

(3) Japan-U.S. summit held under adverse circumstances; Crisis tests true worth of alliance

NIKKEI (Page 1) (Abridged slightly)  
February 26, 2009

Hiroshi Maruya, Fumiyoshi Indo, Washington

After the summit (on Feb. 24) between Prime Minister Taro Aso and President Barack Obama, the White House issued a press release which said: "The two leaders agreed to work closely and urgently, as the world's leading economies, to seek concrete results from the April London Economic Summit and through the G-8."

The press release concretely noted that the two leaders would work closely to stimulate demand at home and abroad, to help other countries respond to the global crisis, and to unfreeze credit markets. Although the Japanese side did not clearly explained this

schedule, it told a sense of urgency of the Obama administration that is struggling with economic crisis.

The G-8 Summit in July has been set by Aso and Obama as their immediate goal. By then, President Obama intends to accelerate efforts to resuscitate the economy, stabilize financial markets, and

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rescue the auto industry. President Obama seemed anguished as he delivered a speech before a joint session of Congress on Feb. 24 saying: "There will be no real recovery unless we clean up the credit crisis."

To win support of some Republicans, the Obama administration was forced to make major compromises in economic stimulus measures. If measures are insufficient, markets are certain to apply relentless pressure. Receiving Prime Minister Aso at the White House as the first foreign leader, Obama brought up Japan as a great partner. This showed the realism of the United States, which needs Japan's cooperation in order to climb out of the crisis.

Japan is not the only country the United States is looking at. Throughout her recent Asian tour that included China, Secretary of State Hillary Clinton did not conceal her expectations for countries to continue to hold U.S. Treasury bonds.

As if he was aware of America's intent, Aso told reporters after his meeting with Obama: "It is important to maintain confidence in the dollar as a key currency." Japan is the world's second largest economy and China is the largest holder of U.S. Treasury bonds. What the Obama administration envisages is that Japan and the United States would take the lead in engaging China in international cooperation.

During the Democratic Clinton administration, Japan experienced "Japan passing." With such an experience in mind, a senior government official excitedly described the early Aso-Obama meeting as "Japan first."

But the Obama administration's "Japan first" stance does not necessarily mean putting Prime Minister Aso or the LDP administration first. "The President invited the Japanese prime minister, not Mr. Aso personally," a senior U.S. government official said crisply.

In his meeting with Aso, Obama candidly said to his Japanese counterpart: "The United States has been working hard. I would like to see every country, especially large economies like Japan and China, make efforts to increase (internal) demand." The United States, which is struggling to turn around the economy, definitely wants to see Japan implement policies speedily as its ally.

The Aso administration is suffering from dwindling support ratings and the Ozawa-led Democratic Party of Japan is upholding a confrontational stance with an eye on the next Lower House election. What kind of answer is Japanese politics going to give? The July G-8 Summit is only four months away.

(4) DPJ President Ozawa stresses need for relationship of equality between Japan, U.S., if DPJ gets into power; U.S. 7th Fleet alone would be sufficient

TOKYO SHIMBUN (Page 2) (Full)  
February 26, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa yesterday criticized the summit between Prime Minister Taro Aso and U.S. President Barack Obama as lacking substance. Ozawa, at the same time, emphasized that if the DPJ held the reins of government, it would build a relationship of equality between Japan and the United

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States. His comment was aimed to underscore differences between a DPJ government and the LDP-led government, which is "blindly

following" the U.S. policy lead. However, Ozawa's remark will likely cause misunderstanding in the U.S. administration.

Ozawa severely criticized the Japan-U.S. summit, saying:

"It is impossible for the prime minister, who has lost the 70 to 80 percent of public trust, to promote effective diplomatic negotiations. I don't think there were concrete achievements."

Ozawa also stated on how the presence of the U.S. forces in Japan should be in the future:

"Once Japan determines to do on its own as much as possible what it should be doing, it will become unnecessary for U.S. forces to be stationed in Japan. I think the presence of U.S. Navy 7th Fleet would be enough."

Ozawa indicted in his remark as if to say that the presence of U.S. Army, Air Force and Marines would be unnecessary.

During his meeting with Secretary of State Hillary Clinton, as well, Ozawa stressed: "The Japan-U.S. alliance relationship should not be a dependent relationship." Ozawa's position is that Japan should play more of a military role in East Asia than now. He meant that the Japan-U.S. alliance should be an equal partnership. Ozawa also underscored: "Japan has to fulfill its responsibility more than ever."

However, the United States may take Ozawa's remark to mean that he aims to build up Japan as an independent defense power, emerging from U.S. influence.

At a press conference yesterday, U.S. Consul General Kevin Maher immediately criticized Ozawa's 7th Fleet comment. He stated: "The security environment of Far East cannot be taken that lightly. (Ozawa) does not understand the indispensability of the Air Force and Marines."

The relationship between Ozawa and the United States formerly was not bad including when he was serving as secretary general of the Liberal Democratic Party (LDP). Ozawa, however, strongly opposed the Maritime Self-Defense Force's refueling mission in the Indian Ocean. Moreover, his recent remarks could raise eyebrows of the U.S. that once a DPJ government comes into office, the relationship between Japan and the United States would change.

One DPJ member said: "I don't understand the aim of his comment. There is no need for him to make remarks that would tie our hands after the party assumes the reins of power."

Some in the DPJ view that making clear differences between the LDP administration and a DPJ government is good in campaigning for the next general election. However, there is a strong mood of alarm in the DPJ that this time he has gone too far.

(5) Government to establish expert panel led by Yosano, not by bureaucrats, to compile economic stimulus measures in March

SANKEI (Top Play) (Full)  
February 25, 2009

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The government on February 24 decided to set up an expert panel tasked with looking into effective economic stimulus measures. The aim is to tide over the crisis with flexible measures worked out by business leaders, academics and opinion leaders, the judgment being that there is a limit to what a conventional economic package worked out at the initiative of bureaucrats can do. Minister of Finance, State Minister for Financial Services and State Minister for Economic and Fiscal Policy Kaoru Yosano has been serving as a coordinator of the establishment of the envisioned panel. As such, he will likely further increase his influence on the Aso cabinet.

Panel members will be picked before the end of the month, based on the National Council on Social Security, launched during the Fukuda

cabinet. The first meeting will take place in early March at the Kantei.

Following a preliminary figure for the gross domestic product (GDP) for the October-December term of 2008 falling by an annualized 12.7 PERCENT, the government and the ruling parties have started looking into yet another economic stimulus package in the run-up to the compilation of the first supplementary budget for fiscal 2009.

With public support ratings for the Aso cabinet falling to the lower 10 PERCENT level in various polls, moves to oust him have emerged in the Liberal Democratic Party. The opposition camp is strongly calling for dissolution of the Lower House for a snap election after passage of the fiscal 2009 budget.

Yosano during a TV Asahi talk show on the 22nd said: "Given the figure of minus 12.7 PERCENT growth, I would like people to put on their thinking caps. It is not until people from various fields, such as business circles, the press and academia, agree to collaborate can an effective economic stimulus package be worked out.

Behind the launching of such an expert panel is the perception that there is a limit these days as to what an economic stimulus package centered on public works worked out by bureaucrats at Kasumigaseki (Japan's bureaucratic center) can do. They are aware of the harmful effect of bureaucratic sectionalism and administrative constraints.

Concerning economic stimulus measures, Yosano at a meeting of the Lower House Budget Committee on the 23rd said, "Whoever becomes responsible for drafting economic stimulus measures, it is important for all of us to consider what should be done." This statement can be taken to indicate a possibility that the Aso cabinet cannot implement a fresh set of stimulus measures. Some, therefore, take the view that the expert panel, which has been prepared at the initiative of Yosano, would be Yosano's study group, one that would be eyeing a post-Aso political situation.

ZUMWALT